

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

G. Vacation and Sick Leave

On November 21, 1989, the District adopted an annual vacation and sick leave policy for all full time employees. Vacation varies with the length of service and cannot be carried forward. Sick leave is accrued at a rate of one day per month and is allowed to accumulate up to twelve days. No sick leave is payable on termination. Any liability the District might have in this regard at September 30, 1996, is considered immaterial; therefore, no liability has been recorded in the general purpose financial statements.

H. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

I. Adoption of GASB Statement No. 27

During the year ended September 30, 1996, the Water District adopted GASB Statement No. 27, Accounting for Pensions by State and Local Government Employees. Although this statement is effective for periods beginning after June 15, 1997, the Governmental Accounting Standards Board is encouraging early implementation.

J. Comparative Data

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the District's financial position and operations.

K. Total Columns - Memorandum Only

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility:	
System	50 years
Equipment	8 years

D. Basis of Accounting

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables, resulting from utility services rendered between the date of meter reading and billing and the end of the month, are estimated and recorded at year end.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Advalorem taxes are recorded in the year in which taxes are assessed. Interest income is recorded when earned, and substantially all other revenues are recorded when received.

E. Statement of Cash Flows

For the purpose of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality.

INTERNAL CONTROL
AND
COMPLIANCE REPORTS

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

(4) Restricted Assets

Restricted assets consists of interest-bearing accounts pledged for customers deposits collected and retained.

(5) Changes in Long-Term Debt

The following is a summary of bond transactions of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana for the year ended September 30, 1996:

	<u>General Obligation</u>
Bonds payable, October 1, 1995	\$2,350,000
Bonds retired	<u>65,000</u>
Bond payable, September 30, 1996	<u>\$2,285,000</u>

Bonds payable at September 30, 1996 is composed of the following individual issue:

General obligation bonds:

<p>\$2,350,000, 1996 General Obligation bonds; due in annual installments of \$65,000 to \$195,000 through March 1, 2015; interest rates not to exceed 9 percent per annum; payable by levy and collection of ad valorem taxes.</p>	<u>\$2,285,000</u>
---	--------------------

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

The annual requirements to amortize all debt outstanding as of September 30, 1996, including interest payments of \$1,409,867 are as follows:

<u>Year Ending September 30,</u>	<u>General Obligation</u>
1997	\$ 206,415
1998	200,115
1999	198,590
2000	196,615
2001	194,190
2002-2015	<u>2,698,942</u>
	<u>\$3,694,867</u>

(6) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the tax assessor of St. Mary Parish.

For the year ended September 30, 1996, 8.28 mills were authorized. Total taxes levied were \$156,498. There were no taxes receivable at September 30, 1996.

(7) Property, Plant and Equipment

A summary of property, plant and equipment at September 30, 1996, follows:

Land	\$ 6,926
System	2,242,150
Equipment	<u>1,538,720</u>
	3,787,796
Less: Accumulated depreciation	<u>(1,943,563)</u>
Net proprietary fund type property, plant and equipment	<u>\$ 1,844,233</u>

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

(8) Retirement Commitments

All full-time employees of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, participate in the Parochial Employees' Retirement System of Louisiana (Plan B). This System is a multiple-employer public retirement system (PERS) and is controlled and administered by a separate board of trustees. Pertinent information relative to this plan follows:

Parochial Employees' Retirement System -

Plan members are required to contribute 2.0 percent of their annual covered salary to the system while the District is required to contribute the statutory rate of 1.0 percent of the total annual covered salary. The District's contributions to the system for the years ended September 30, 1996, 1995 and 1994 were \$7,886, \$7,789, and \$7,989 respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619.

(9) Pending Litigation

The District is presently not involved in any litigation.

SUPPLEMENTAL INFORMATION

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

(2) Meeting Expense

Meeting expense paid to the Board of Commissioners for the year ending September 30, 1996, is as follows:

V. J. St. Blanc	\$ 588
Wily Welch, Jr.	588
Horace Burrell	588
Gerald Bourg	441
Edward Olivier	588
	<u>\$2,793</u>

(3) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 1996, the District has cash and interest-bearing deposits (book balances) totaling \$2,571,911, as follows:

Demand deposits	\$ 71,798
Money market accounts	110,113
Time deposits	<u>2,390,000</u>
Total	<u>\$2,571,911</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 1996, are secured as follows:

Bank balances	<u>\$2,574,184</u>
Federal deposit insurance	\$ 220,367
Pledged securities (Category 3)	<u>2,911,216</u>
Total	<u>\$3,131,583</u>
Excess federal insurance and pledged securities	<u>\$ 557,399</u>

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

E. Larry Sikes, CPA
C. Burton Kolder, CPA
Denny P. Frederick, CPA
Chris Rainey, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Russell F. Champagne, CPA
Victor B. Slaven, CPA

RETIRED
Eugene H. Darnall, CPA 1990

1201 BRASHEAR AVENUE
GUARANTY BANK BUILDING, SUITE 301
P. O. BOX 2109
MORGAN CITY, LOUISIANA 70381
(504) 384-6264
FAX (504) 384-8140

Offices:

125 Rue Beauvregard
Lafayette, LA 70502
(318) 232-3312

1231 E. Laurel Avenue
Eunice, LA 70535
(318) 457-4146

408 W. Collon Street
Ville Platte, LA 70586
(318) 363-2792

113 East Bridge Street
Breaux Bridge, LA 70517
(318) 332-4020

404 Pere Megeol
Abbeville, LA 70510
(318) 893-5470

Lloyd F. Dore, Jr., CPA
Paula D. Bihm, CPA
Christine L. Cousin, CPA
Stephanie M. Higginbotham, CPA
Conrad O. Chapman, CPA
Kathleen T. Darnall, CPA
Jennifer S. Ziegler, CPA
P. Troy Courville, CPA
Stephen R. Dirschler, MBA, CPA
Douglas D. Marcantel, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
Waterworks District No. 6
of the Parish of St. Mary,
State of Louisiana
Charenton, Louisiana

We have audited the general purpose financial statements of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1996, and have issued our report thereon dated November 8, 1996.

We have conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The Board of Commissioners of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana for the year ended September 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

E. Larry Sikes, CPA
C. Burlon Kolder, CPA
Danny P. Frederick, CPA
Chris Rainey, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA

RETIRED
Eugene H. Darnall, CPA 1990

1201 BRASHEAR AVENUE
GUARANTY BANK BUILDING, SUITE 301
P. O. BOX 2109
MORGAN CITY, LOUISIANA 70381
(504) 384-6264
FAX (504) 384-8140

Offices:

125 Rue Beauregard
Lafayette, LA 70502
(318) 232-3312

1231 E. Laurel Avenue
Eunice, LA 70536
(318) 457-4148

408 W. Cotton Street
Ville Platte, LA 70586
(318) 353-2792

113 East Bridge Street
Breaux Bridge, LA 70517
(318) 332-4020

404 Pare Megret
Abbeville, LA 70510
(318) 893-5470

Lloyd F. Dora, Jr., CPA
Paula D. Blum, CPA
Christine L. Cousin, CPA
Stephanie M. Higginbotham, CPA
Conrad O. Chapman, CPA
Kathleen T. Darnall, CPA
Jennifer S. Ziegler, CPA
P. Troy Courville, CPA
Stephan B. Dischler, MBA, CPA
Douglas D. Marcaniel, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
Waterworks District No. 6
of the Parish of St. Mary,
State of Louisiana
Charenton, Louisiana

We have audited the general purpose financial statements of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1996, and have issued our report thereon dated November 8, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, is the responsibility of the District's Board of Commissioners. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana's compliance with certain provisions of laws, regulations and contracts. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 8, 1996

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types
Year Ended September 30, 1996

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only) 1996</u>
Revenues:			
Taxes - Ad valorem	\$210,159	\$ -	\$ 210,159
Interest	<u>1,470</u>	<u>130,721</u>	<u>132,191</u>
Total revenues	<u>211,629</u>	<u>130,721</u>	<u>342,350</u>
Expenditures:			
Current -			
General government:			
Administrative	7,047	24,565	31,612
Debt service -			
Principle retirement	65,000	-	65,000
Interest and fiscal charges	142,490	-	142,490
Capital outlay	<u>-</u>	<u>67,391</u>	<u>67,391</u>
Total expenditures	<u>214,537</u>	<u>91,956</u>	<u>306,493</u>
Excess (deficiency) of revenues over expenditures	(2,908)	38,765	35,857
Fund balances, beginning	<u>5,255</u>	<u>2,353,569</u>	<u>2,358,824</u>
Fund balances, ending	<u>\$ 2,347</u>	<u>\$2,392,334</u>	<u>\$2,394,681</u>

OTHER SUPPLEMENTARY INFORMATION

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Comparative Schedules of Other Operating Expenses
Enterprise Fund
Years Ended September 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Other expenses:		
Advertising	\$ 1,132	\$ 2,808
Assessor's compensation	5,058	5,014
Bad debts	232	1,734
Meeting expense	2,793	3,087
Engineering	8,400	7,200
Legal and accounting	5,916	5,124
Miscellaneous	4,337	11,012
Office supplies	10,560	11,522
Retirement	2,707	2,883
Sales and use taxes	16,706	16,502
Supplies	3,200	4,661
Telephone	-	3,775
Transfer to capital projects	-	1,251
Truck expense	<u>6,757</u>	<u>7,812</u>
Total other expenses	<u>\$67,798</u>	<u>\$84,385</u>

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Number of Utility Customers
(Unaudited)
September 30, 1996

Records maintained by the District indicated the following number of water customers were being served during the month of September:

1996	2,220
1995	2,187

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Interest-Bearing Deposits - All Funds
September 30, 1996

	<u>Term</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Proprietary Fund:				
Operating assets -				
Insured money market	N/A	N/A	various	\$ 69,547
Savings	N/A	N/A	various	<u>1,296</u>
				<u>70,843</u>
Restricted assets -				
Insured money market -				
Hibernia Bank	N/A	N/A	various	3,230
Certificate of deposit -				
Hibernia Bank	181 Days	11/13/96	5.65%	<u>45,000</u>
				<u>48,230</u>
Total proprietary fund				<u>119,073</u>
Capital Projects Fund:				
Certificate of deposit -				
St. Mary Bank	182 days	03/18/97	4.90%	100,000
Certificate of deposit -				
St. Mary Bank	212 days	11/18/96	4.75%	100,000
Certificate of deposit -				
St. Mary Bank	303 days	05/19/97	4.90%	200,000
Certificate of deposit -				
St. Mary Bank	273 days	03/20/97	5.15%	200,000
Certificate of deposit -				
St. Mary Bank	334 days	07/20/97	5.15%	200,000
Certificate of deposit -				
St. Mary Bank	364 days	09/19/97	5.30%	200,000
Certificate of deposit -				
St. Mary Bank	364 days	09/19/97	5.30%	200,000
Certificate of deposit -				
St. Mary Bank	364 days	09/19/97	5.30%	200,000
Certificate of deposit -				
St. Mary Bank	364 days	09/19/97	5.30%	200,000
Certificate of deposit -				
St. Mary Bank	364 days	09/19/97	5.30%	200,000
Certificate of deposit -				
St. Mary Bank	364 days	09/19/97	5.30%	145,000
Certificate of deposit -				
St. Mary Bank	242 days	01/17/97	5.15%	200,000
Insured money market	N/A	N/A	various	<u>36,924</u>
Total capital projects fund				<u>2,381,924</u>
Debt Service Fund:				
Insured money market	N/A	N/A	various	<u>2,347</u>
Total debt service fund				<u>2,347</u>
Total - all funds				<u>\$2,503,344</u> =====

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Insurance in Force
(Unaudited)
September 30, 1996

<u>Description of Coverage</u>	<u>Coverage Amount</u>
Comprehensive general liability, bodily injury and property damage	\$500,000
Surety bonds -	
Keith LeBlanc	10,000
Mary Ann Blanchard	1,000
Meter reader	1,000
Independent agent	1,000
Public officials and employees errors and omissions	2,000,000
Workmen's compensation	Statutory
Employers liability	100,000
Business auto	300,000
Building, plant, and equipment	1,741,952

RECEIVED
LEGISLATIVE AUDITOR
97 JAN -6 AM 9:19

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

**WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

FINANCIAL STATEMENTS

Year Ended September 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date JAN 29 1997

obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted one certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees the District did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the District's Board of Commissioners. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 8, 1996

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, which is a component unit of the St. Mary Parish Council, was created by an ordinance of the St. Mary Parish Council (formerly Police Jury). The District operates under a Board of Commissioners. The purpose of the District is to provide water utility service to residents within its boundaries.

The accounting and reporting policies of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the District Executive and Legislative branches (the Board of Commissioners). Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

The District is a component unit of the Parish of St. Mary. Although the Parish does not provide facilities or financing, it does exercise some control over operations.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general purpose financial statements in this report, into three generic fund types and two broad fund categories as follows:

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Comparative Statements of Cash Flows
Proprietary Fund Type (Continued)
Years Ended September 30, 1996 and 1995

	Enterprise Fund	
	1996	1995
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 87,256	\$ 50,394
Interest-bearing deposits - unrestricted	84,015	154,652
Interest-bearing deposits - restricted	46,647	42,115
Less: Interest-bearing deposits with maturity over three months	(40,000)	(35,000)
Total cash and cash equivalents	177,918	212,161
Cash and cash equivalents, end of period -		
Cash - unrestricted	68,567	87,256
Interest-bearing deposits - unrestricted	70,843	84,015
Interest-bearing deposits - restricted	48,230	46,647
Less: Interest-bearing deposits with maturity over three months	(45,000)	(40,000)
Total cash and cash equivalents	142,640	177,918
Net decrease	\$ (35,278)	\$ (34,243)

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Comparative Statements of Revenues, Expenses, and Changes in Retained Earnings
Proprietary Fund Type
Years Ended September 30, 1996 and 1995

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Operating revenues:		
Water sales	\$ 501,886	\$ 482,512
Installation	8,200	10,777
Penalties	18,452	17,091
Miscellaneous	33,880	33,094
Total operating revenues	<u>562,418</u>	<u>543,474</u>
Operating expenses:		
Salaries	270,746	257,302
Payroll taxes	21,106	19,957
Chemicals	79,724	97,768
Utilities	73,714	75,551
Insurance	92,870	88,144
Repairs and maintenance	144,463	158,047
Depreciation	106,101	99,437
Other	67,798	84,385
Total operating expenses	<u>856,522</u>	<u>880,591</u>
Operating loss	<u>(294,104)</u>	<u>(337,117)</u>
Non-operating revenues:		
Taxes - ad valorem	156,498	156,924
Interest income	6,524	6,900
Sale of assets	300	29,636
Intergovernmental revenue:		
State revenue sharing	20,955	22,584
Transfer from St. Mary Parish Council	-	89,929
Total non-operating revenues	<u>184,277</u>	<u>305,973</u>
Net loss	(109,827)	(31,144)
Retained earnings, beginning	<u>932,901</u>	<u>964,045</u>
Retained earnings, ending	<u>\$ 823,074</u>	<u>\$ 932,901</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Balance Sheet - All Fund Types and Account Group
September 30, 1996

	Governmental Fund Types		Propriety Fund Type Enterprise	Account Group	Totals	
	Debt Service	Capital Projects		General Long-Term Debt	(Memorandum Only)	
					1996	1995
ASSETS AND OTHER DEBITS						
Cash	\$2,347	\$ -	\$ 68,567	\$ -	\$ 70,914	\$ 87,256
Interest-bearing deposits	-	2,381,924	70,843	-	2,452,767	2,439,268
Receivables:						
Accounts	-	-	66,888	-	66,888	66,491
Accrued interest	-	3,699	888	-	4,587	3,658
Prepaid insurance	-	-	11,224	-	11,224	11,412
Other	-	13,423	-	-	13,423	2,088
Restricted assets:						
Interest-bearing deposits	-	-	48,230	-	48,230	46,647
Property, plant and equipment	-	-	3,787,796	-	3,787,796	3,776,893
Accumulated depreciation	-	-	(1,943,563)	-	(1,943,563)	(1,847,652)
Construction in process	-	-	67,391	-	67,391	-
Amount available in debt service fund	-	-	-	2,347	2,347	5,255
Amount to be provided for retirement of general long- term debt	-	-	-	2,282,653	2,282,653	2,344,745
Total assets and other debits	\$2,347	\$2,399,046	\$2,178,264	\$2,285,000	\$ 6,864,657	\$ 6,936,061
	=====	=====	=====	=====	=====	=====
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 24,934	\$ -	\$ 24,934	\$ 27,498
Accrued liabilities	-	6,712	1,530	-	8,242	4,992
Due to St. Mary Parish Council	-	-	7,777	-	7,777	7,533
Due to Sewerage District #7	-	-	2,605	-	2,605	2,729
Due to City of Franklin	-	-	416	-	416	2,961
Payable from restricted assets -						
Customer deposits	-	-	48,473	-	48,473	46,559
Long-term debt -						
General obligation bonds payable	-	-	-	2,285,000	2,285,000	2,350,000
Total liabilities	-	6,712	85,735	2,285,000	2,377,447	2,442,272
Fund equity:						
Contributed capital	-	-	1,269,455	-	1,269,455	1,202,064
Retained earnings unreserved	-	-	823,074	-	823,074	932,901
Fund balance - Reserved for debt service Unreserved	2,347	-	-	-	2,347	5,255
Designated for subsequent periods' expenditures	-	2,392,334	-	-	2,392,334	2,353,569
Total fund equity	2,347	2,392,334	2,092,529	-	4,487,210	4,493,789
Total liabilities and fund equity	\$2,347	\$2,399,046	\$2,178,264	\$2,285,000	\$ 6,864,657	\$ 6,936,061
	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of this statement.

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Waterworks District No. 6, of the Parish of St. Mary, State of Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Waterworks District No. 6, of the Parish of St. Mary, State of Louisiana.

Darnall, Sikes, Kolder, Frederick & Rainey

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 8, 1996

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

E. Larry Sikes, CPA
C. Burton Kolder, CPA
Danny P. Frederick, CPA
Chris Rainey, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Russell F. Champagne, CPA
Victor B. Slaven, CPA

RETIRED
Eugene H. Darnall, CPA 1990

1201 BRASHEAR AVENUE
GUARANTY BANK BUILDING, SUITE 901
P. O. BOX 2109
MORGAN CITY, LOUISIANA 70381
(504) 384-8264
FAX (504) 384-8140

Offices:

125 Rue Beau regard
Lafayette, LA 70502
(318) 232-3312

1231 E. Laurel Avenue
Eunice, LA 70535
(318) 457-4148

408 W. Cotton Street
Ville Platte, LA 70586
(318) 363-2792

113 East Bridge Street
Breaux Bridge, LA 70517
(318) 332-4070

404 Pere Mergel
Abbeville, LA 70510
(318) 893-5470

Lloyd F. Dore, Jr., CPA
Paula D. Blum, CPA
Christine L. Cousin, CPA
Stephanie M. Higginbotham, CPA
Conrad O. Chapman, CPA
Kathleen T. Darnall, CPA
Jannifer S. Ziegler, CPA
P. Troy Courville, CPA
Stephen R. Dischler, MBA, CPA
Douglas D. Marcantel, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Waterworks District No. 6
of the Parish of St. Mary,
State of Louisiana
Charenton, Louisiana

We have audited the accompanying general purpose financial statements of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's officials. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Waterworks District No. 6 of the Parish of St. Mary, State of Louisiana, as of September 30, 1996, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 8, 1996 on our consideration of the District's internal control structure and a report dated November 8, 1996 on its compliance with laws and regulations.

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
 GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined balance sheet - all fund types and account group	4
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	5
Comparative statements of revenues, expenses and changes in retained earnings - proprietary fund type	6
Comparative statements of cash flows - proprietary fund type	7-8
Notes to financial statements	9-16
 SUPPLEMENTAL INFORMATION	
 INTERNAL CONTROL AND COMPLIANCE REPORTS	
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	19-20
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	21
 OTHER SUPPLEMENTARY INFORMATION	
Comparative schedules of other operating expenses	23
Schedule of number of utility customers (unaudited)	24
Schedule of insurance in force (unaudited)	25
Schedule of interest-bearing deposits - all funds	26

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

GOVERNMENTAL FUND -

Debt service fund

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital projects fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

PROPRIETARY FUND -

Enterprise fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise fund is the Utility Fund.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available.

WATERWORKS DISTRICT NO. 6
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Comparative Statements of Cash Flows
Proprietary Fund Type
Years Ended September 30, 1996 and 1995

	Enterprise Fund	
	1996	1995
Cash flows from operating activities:		
Operating loss	<u>\$(294,104)</u>	<u>\$(337,117)</u>
Adjustments to reconcile operating loss to net cash used by operating activities -		
Depreciation	106,101	99,437
Changes in assets and liabilities:		
(Increase) decrease in account receivable	(397)	(347)
Increase in other assets	1,476	(2,080)
Increase (decrease) in accounts payable and accrued expenses	(8,451)	12,305
Increase in customer deposits	<u>1,914</u>	<u>4,544</u>
Total adjustments	<u>100,643</u>	<u>113,859</u>
Net cash used by operating activities	<u>(193,461)</u>	<u>(223,258)</u>
Cash flows from noncapital financing activities:		
Ad valorem tax collections	156,498	156,924
Transfer from St. Mary Parish Council	-	89,929
Sale of plant & equipment	300	29,636
State revenue sharing received	<u>20,955</u>	<u>22,584</u>
Net cash provided by noncapital financing activities	<u>177,753</u>	<u>299,073</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of property, plant and equipment	(88,485)	(111,958)
Capital contributed from district	<u>67,391</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(21,094)</u>	<u>(111,958)</u>
Cash flows from investing activities:		
Purchase of interest-bearing deposits	(85,000)	(80,000)
Proceeds from the maturities of interest-bearing deposits	80,000	75,000
Interest received on interest-bearing deposits	<u>6,524</u>	<u>6,900</u>
Net cash provided by investing activities	<u>1,524</u>	<u>1,900</u>
Net decrease in cash and cash equivalents	(35,278)	(34,243)
Cash and cash equivalents, beginning of period	<u>177,918</u>	<u>212,161</u>
Cash and cash equivalents, end of period	<u>\$142,640</u>	<u>\$ 177,918</u>

(continued)